

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>WEXFORD COUNTY ROAD COMMISSION</b>	County <b>WEXFORD</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>2/24/05</b>	Date Accountant Report Submitted to State: <b>4/8/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>BERTHIAUME &amp; COMPANY CPAS</b>			
Street Address <b>60 HARROW LANE</b>		City <b>SAGINAW</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48603</b>	
		Date	

# WEXFORD COUNTY ROAD COMMISSION

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**BERTHIAUME  
& COMPANY**

Certified Public Accountants



60 Harrow Lane  
Saginaw, Michigan 48603

(989) 791-1555  
Fax (989) 791-1992

**INDEPENDENT AUDITORS' REPORT**

Honorable Chairman  
Members of County Road Commission  
County of Wexford  
Boon, Michigan

We have audited the accompanying basic financial statements of the Wexford County Road Commission, a component unit of Wexford County, Michigan, as of and for the year ended December 31, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the Road Commission. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of the Wexford County Road Commission as of December 31, 2004, and the budgetary comparisons of the County Road Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on page 2-6 is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Wexford County Road Commission's basic financial statements. The other supplementary information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Road Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of December 31, 2004.

*Berthiaume & Co.*

February 24, 2005

# **WEXFORD COUNTY ROAD COMMISSION**

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## **MANAGEMENT'S DISCUSSION & ANALYSIS**

### **INTRODUCTION:**

The Wexford County Road Commission (WCRC) is a special purpose government engaged in a single government program of road maintenance and construction in the County of Wexford, Michigan. The adoption of *Governmental Accounting Standards Board Statement Number 34* (GASB-34) has changed the WCRC financial statement presentation. In the past, governmental entities were required to report financial information only on the modified accrual accounting method. The modified accrual method of accounting focuses on current available resources and is referred to as governmental fund level accounting. Now, in addition to the governmental fund level information, governmental entities are also required to report financial information on the full accrual method of accounting. The full accrual method of accounting focuses on the entity as a whole and is referred to as government-wide level accounting. For WCRC, the most significant differences between the governmental fund statements and the government-wide statements related to capital assets (buildings and equipment) and infrastructure (roads, bridges, and signals). Capital assets and infrastructure are not recognized as assets and capitalized at the governmental fund level.

With respect to the Statements of Net Assets and Activities, the fund level financial statements and the government-wide financial statements have been combined and are presented on the same page.

The audited financial activities of WCRC are presented herein. These statements include the following:

Statement of Net Assets and Governmental Fund Balance Sheet,

Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Assets,

Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, and

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities for the Year Ended December 31, 2004.

### **CONDENSED FINANCIAL STATEMENTS:**

The following are condensed government-wide financial statements for WCRC.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **CONDENSED STATEMENT OF NET ASSETS**

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS:</b>		
General fund assets	\$ 2,296,696	\$ 1,923,816
Capital assets	<u>23,758,928</u>	<u>23,482,323</u>
Total assets	<u>26,055,624</u>	<u>25,406,139</u>
<b>LIABILITIES:</b>		
General fund liabilities	1,086,640	447,440
Liabilities associated with long-term debt	<u>87,215</u>	<u>567,392</u>
Total liabilities	<u>1,173,855</u>	<u>1,014,832</u>
<b>NET ASSETS:</b>		
General fund net assets	1,210,056	1,043,000
Invested in capital assets restricted for County roads – net of related debt	<u>23,671,713</u>	<u>23,348,307</u>
Total net assets	<u>\$ 24,881,769</u>	<u>\$ 24,391,307</u>

# WEXFORD COUNTY ROAD COMMISSION

## CONDENSED STATEMENT OF ACTIVITIES

For the years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>REVENUE:</b>		
<i>Program Revenue:</i>		
License and Permits	\$ 10,452	\$ 10,209
Federal and State revenue	4,927,745	6,138,246
Contributions from local units	112,071	147,553
Charges for services	1,461,495	1,618,252
Other	<u>811,067</u>	<u>248,730</u>
	7,322,830	8,162,990
<i>General Revenue:</i>		
Sale of fixed assets	<u>101,945</u>	<u>3,551</u>
Total revenue	<u>7,424,775</u>	<u>8,166,541</u>
<b>EXPENSES:</b>		
Primary maintenance	669,479	717,702
Local maintenance	2,440,218	2,039,230
State trunkline maintenance	1,473,088	1,254,354
Infrastructure Depreciation	1,944,461	1,115,419
Administrative	287,714	243,017
Other	<u>119,353</u>	<u>10,760</u>
Total expenses	<u>6,934,313</u>	<u>5,380,482</u>
Change in net assets	490,462	2,786,059
Net assets, beginning of year	<u>24,391,307</u>	<u>21,605,248</u>
Net assets, end of year	<u>\$ 24,881,769</u>	<u>\$ 24,391,307</u>

# **WEXFORD COUNTY ROAD COMMISSION**

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## **ADDITIONAL COMMENTS:**

The Total Net Assets for the Government-Wide Financial Statements increased by \$490,462 during 2004. The majority of the increase reflects an investment in new capital assets, i.e. road improvements and equipment purchases greater than the expenses associated with capital assets such as depreciation and maintenance for the year.

During 2004, the Total Fund Balance for the Fund Financial Statements increased by \$167,056 which was not considered significant by management.

Management believes that the Net Assets balance provides sufficient work capital to support future operations of WCRC.

## **BUDGET:**

The WCRC budget is prepared in accordance with state law using the modified accrual accounting basis. This is the same accounting basis used for the governmental fund.

## **ANALYSIS OF FUND BALANCES:**

### **ORIGINAL BUDGET VERSUS AMENDED BUDGET:**

The 2004 budget was adopted on December 17, 2003. The budget is reviewed periodically and amended as information becomes available or management's plans change. The amended budgeted revenue was increased by approximately \$823,000. This increase is due to the following:

***State Truckline Maintenance Projects:*** During 2004, the Road Commission contracted with the Michigan Department of Transportation (MDOT) to perform maintenance of State Trunkline Highways. The Road Commission performed approximately \$166,000 more maintenance costs and received the same \$166,000 in additional revenue for the year for that work.

***State Truckline Non-Maintenance Projects:*** During 2004, the Road Commission contracted with the Michigan Department of Transportation (MDOT) to do several projects classified by MDOT as "non-maintenance." The Road Commission performed approximately \$206,000 more State "non-maintenance" projects than was budgeted for the year. The WCRC is required to record all work done for MDOT and MDOT pays the WCRC for all work performed on their behalf.

***Michigan Transportation Fund (MTF) Revenue:*** During 2004 MTF increased by approximately \$190,000 more than anticipated due to the collection of trailer license fees. That one time increase will not be available in 2005.

The balance of the increase was from adjustments made to several individual revenue items, none of which management considers significant.

Total budgeted expenditures increased from the original budget to the amended budget by approximately \$686,000. The majority of this increase is also due to the State Truckline Maintenance and Non-Maintenance Projects. The balance of the increase was from adjustments made to several individual expenditures items, none of which management considers significant.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **AMENDED BUDGET VERSUS ACTUAL:**

In accordance with the Budget Resolution adopted by the WCRC on December 17, 2004, the Finance Director has modified the budget to various revenue and expenditures accounts which cannot be accurately projected prior to year end. As a result, the Final Adopted Budget of the WCRC has been amended to equal the actual revenue, expenditures, and fund balance for the year ended December 31, 2004.

## **CAPITAL ASSETS AND LONG-TERM DEBT:**

WCRC has capital assets for full accrual accounting purposes, net of accumulated depreciation, in the amount of \$23,758,928. This information, which includes infrastructure, is summarized below.

Land	\$ 35,170
Land improvements	248,029
Buildings and improvements	2,444,092
Road equipment	5,901,707
Other equipment	505,946
Infrastructure and improvements	29,670,000
Total capital assets	38,804,944
Accumulated depreciation	(15,046,016)
Net capital assets	<u>\$ 23,758,928</u>

Additional information regarding capital assets is located in the Notes to the Financial Statements.

## **OTHER:**

Management is not aware of any currently known facts, decisions, or conditions expected to have a significant effect on Wexford County Road Commission's financial condition next year and beyond.



# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT A

### STATEMENT OF NET ASSETS

December 31, 2004

#### ASSETS:

Cash	\$ 261,756
Investments	537,747

#### *Accounts Receivable:*

Michigan Transportation Fund	609,540
State trunkline maintenance	252,709
Due on County Road Agreements	99,918
Sundry accounts	17,376

#### *Inventories:*

Road materials	293,146
Equipment parts and materials	224,504

Capital assets (net of accumulated depreciation) 23,758,928

Total assets 26,055,624

#### LIABILITIES:

#### *Current Liabilities:*

Accounts payable	169,475
Accrued liabilities	85,171
Deferred Revenue:	
Forest Road funds	184,036
Current Portion:	
Installment purchase contracts payable	<u>49,711</u>
Total current liabilities	<u>488,393</u>

#### *Non-Current Liabilities:*

Advance from State	405,493
Compensated absences payable	242,465
Installment purchase contracts payable	<u>37,504</u>
Total non-current liabilities	<u>685,462</u>
Total liabilities	<u>1,173,855</u>

#### NET ASSETS:

Investment in capital fixed assets – net of related debt	23,671,713
Restricted for County roads	<u>1,210,056</u>
Total net assets	<u>\$ 24,881,769</u>

*The Notes to Financial Statements are an integral part of this statement.*

# WEXFORD COUNTY ROAD COMMISSION

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## EXHIBIT B

### STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2004

#### PROGRAM EXPENSES:

Primary road maintenance	\$ 669,479
Local road maintenance	2,440,218
State trunkline maintenance	1,473,088
Net equipment expense	113,414
Net administrative expense	287,714
Infrastructure depreciation	1,944,461
Interest expense	<u>5,939</u>
Total program expenses	<u>6,934,313</u>

#### PROGRAM REVENUE:

License and permits	10,452
Federal grants	643,100
State grants	4,284,645
Contributions from Local Units	112,071
Charges for services	1,461,495
Contractor developments	508,796
Investment earnings	9,617
Other revenues	<u>292,655</u>
Total program revenue	<u>7,322,830</u>

Net program revenue	388,517
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#### GENERAL REVENUE:

Gain on disposal of assets	<u>101,945</u>
Change in net assets	490,462
Net assets, beginning of year	<u>24,391,307</u>
Net assets, end of year	<u>\$ 24,881,769</u>

*The Notes to Financial Statements are an integral part of this statement.*

# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT C

### COUNTY ROAD FUND

### BALANCE SHEET

For the Year Ended December 31, 2004

#### ASSETS:

Imprest cash	\$ 400
Checking and money market savings accounts	261,356
Short term investment fund	537,747
<b><i>Accounts Receivable:</i></b>	
Motor vehicle highway funds	609,540
State trunkline maintenance	252,709
County road agreement	99,918
Sundry accounts receivable	17,376
<b><i>Inventories:</i></b>	
Equipment materials and parts	224,504
Road materials	293,146
Total assets	<u>\$ 2,296,696</u>

#### LIABILITIES:

Accounts payable	\$ 169,475
Accrued payroll	85,171
Equipment purchase advance	325,384
State trunkline maintenance advance	80,109
Other – accrued vacation and sick leave	242,465
Deferred revenue -- EDF Forest Rd.	<u>184,036</u>
Total liabilities	<u>1,086,640</u>

#### FUND EQUITY:

##### ***Motor Vehicle Highway Funds:***

Unreserved:	
Designated:	
Primary	192,196

##### ***County Road Commission Fund:***

Unreserved:	
Undesignated	<u>1,017,860</u>
Total fund equity	<u>1,210,056</u>
Total liabilities and fund equity	<u>\$ 2,296,696</u>

The Notes to Financial Statements are an integral part of this statement.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **EXHIBIT D**

### **RECONCILIATION OF THE BALANCE SHEET FUND BALANCE TO THE STATEMENT OF NET ASSETS**

For the Year Ended December 31, 2004

Total governmental fund balance	\$ 1,210,056
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,758,928
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Long-term liabilities are not due and payable in the current period and therefore not reported as liabilities in the fund. Long-term liabilities at year end consist of the following:

Installment purchase contracts payable	<u>(87,215)</u>
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Net assets of governmental activities	<u>\$ 24,881,769</u>
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*The Notes to Financial Statements are an integral part of this statement.*

# **WEXFORD COUNTY ROAD COMMISSION**

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**EXHIBIT E**

## *COUNTY ROAD FUND*

### **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

For the Year Ended December 31, 2004

#### **REVENUES:**

Licenses and permits	\$ 10,451
Federal grants	643,100
State grants	4,284,645
Local unit contributions	112,071
Charges for services	1,441,650
Interest and rents	9,617
Other revenues	<u>449,857</u>
Total revenues	<u>6,951,391</u>

#### **EXPENDITURES:**

Public works	6,727,113
Capital outlay	4,482
Debt service	<u>52,740</u>
Total expenditures	<u>6,784,335</u>

Excess (deficiency) of revenues over expenditures	167,056
Fund balance, beginning of year	<u>1,043,000</u>
Fund balance, end of year	<u>\$ 1,210,056</u>

*The Notes to Financial Statements are an integral part of this statement.*

# **WEXFORD COUNTY ROAD COMMISSION**

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**EXHIBIT F**

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2004

Net change in fund balance – total governmental funds	\$ 167,056
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Amounts reported for governmental activities in the statement are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	312,017
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Equipment retirement is recorded as an expenditure credit in governmental funds, but not recorded as an expense in the Statement of Activities.	(35,412)
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Repayment of installment purchase contracts payable is an expenditure in the governmental funds, but reduces the long-term liabilities in the Statement of Net Assets. This is the amount of repayments reported as expenditures in the governmental funds.	<u>46,801</u>
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Change in net assets of governmental activities	<u>\$ 490,462</u>
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*The Notes to Financial Statements are an integral part of this statement.*

# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS**

December 31, 2004

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### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the Wexford County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to government units. The following is a summary of the significant accounting policies used by the Wexford County Road Commission.

Effective January 1, 2003, the Wexford County Road Commission implemented the provisions of GASB Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Road Commission's overall financial position and results of operations has been included in the financial statements.

- Financial statements prepared using full accrual accounting for all of the Road Commission's activities, including infrastructure.

These and other changes are reflected in the accompanying financial statements (including the Notes to the Financial Statements).

#### **A. REPORTING ENTITY**

The Wexford County Road Commission is an independent governmental agency operated under the jurisdiction of the State of Michigan and Wexford County established pursuant to the *County Road Law MCL 224.1*. The Commission is charged with the responsibility of maintaining all primary and local road systems in Wexford County. The Road Commission is governed by a three member board appointed by the County Board of Commissioners.

In accordance with the provisions of GASB 14, the Wexford County Road Commission is considered a component unit of Wexford County for financial reporting purposes. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships.

The Road Commission Operating Fund (County Road Fund) is used to control the expenditures of Michigan Transportation Fund moneys distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for the administration of the County Road Fund. The Road Commission may not issue debt without the County's approval and property tax levies are subject to County Board of Commissioners' approval.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the activities of the Wexford County Road Commission. There is only one fund reported in the government-wide financial statements.

The Statement of Net Assets presents the Road Commission's assets and liabilities with the difference being reported as either as invested in fixed assets, net of related debt, or restricted net assets.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers of applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the County Road Fund (governmental fund). The County Road Fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Major individual governmental funds are reported in separate columns in the fund financial statements.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when the payment is due.

Michigan transportation funds, grants, permits, township contributions, charges for services and sales, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other items are considered to be available only when cash is received.



# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued**

#### **D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

##### **Cash and Cash Equivalents:**

The Road Commission's cash and cash equivalents are considered to be cash on hand, demand deposits including certificates of deposit, and short-term investments with original maturities of three months or less from date of acquisition.

State statutes authorize the Road Commission to invest in U.S. government obligations, certificates of deposit, commercial paper, repurchase agreements, banker's acceptances, and with some restrictions, mutual funds.

All investments, if any, are stated at fair value.

##### **Inventories:**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventory consists of road materials, road signs, repair parts, and supplies to be used by the Road Commission.

##### **Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, and similar items) are reported in the government-wide financial statements. The Wexford County Road Commission defines capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

GASB No. 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending after June 30, 1980 be inventoried and capitalized. The Wexford County Road Commission has retroactively capitalized all of its assets as required effective January 1, 2003.

##### **Depreciation and Depletion:**

Depreciation has been computed over the assets estimated useful lives using the sum-of-the-years-digits method for road equipment and the straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	10 to 50 years
Road Equipment	5 to 8 years
Shop Equipment	10 years
Engineering Department	10 years
Office Equipment	5 to 10 years
Infrastructure – Roads	5 to 20 years
Infrastructure – Bridges	25 to 50 years

Depletion is determined by allocating the purchase cost of the total years available. As materials are used, the proportionate share of cost is charged to depletion.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, continued**

#### **Long-Term Obligations:**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets.

#### **Compensated Absences (Vacation and Sick Leave):**

The total accumulated unpaid vacation and sick pay liability of the Road Commission at December 31, 2004, was \$242,465. Of this amount, \$0 was estimated to be a current liability and is reflected as a liability on the government-wide statement of net assets. The remaining \$242,465 was determined to be a long-term liability and is therefore reflected as a non-current liability on the government-wide statements. A liability for these amounts is only reported in the governmental funds for known employee terminations as of year-end.

#### **Fund Equity:**

The Road Commission reserves those portions of fund equity which are legally segregated for a specific future use of which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for inventories.

#### **Snow Removal Revenue:**

Snow removal revenue was allocated 100% to local roads. This allocation is in accordance with provisions made by the State Highway Department allowing each Road Commission to make its own allocation of total snow removal revenue.

#### **Interest Income Allocation:**

Interest income for the year was allocated 100% to County Road Commission Funds and 0% to Motor Vehicle Highway Funds based on beginning fund balance (before restatement) allocated to each sub-account.

#### **Use of Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# **WEXFORD COUNTY ROAD COMMISSION**

## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

#### **A. BUDGET AND BUDGETARY ACCOUNTING**

The Road Commission follows these procedures in establishing the budget as reflected in these financial statements:

1. In December the clerk-finance director submits, to the Commission, a proposed operating budget for the year commencing on January 1.
2. Prior to December 31, the budget is legally enacted through passage of a resolution.
3. For purposes of meeting emergency needs of the Road Commission, transfer of appropriations may be made by the authorization of the clerk. Such transfers of appropriations must be approved by the Commission at its next regularly scheduled meeting.
4. The clerk is charged with general supervision of the budget.
5. During the year the budget is monitored and amendments to the budget resolution are made as deemed necessary.
6. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

#### **B. BUDGET COMPLIANCE**

Public Act 2 of 1968, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. For the year ended December 31, 2004 the Road Commission incurred no expenditures in excess of budget appropriations.

### **NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The Road Commission's deposits and investments, classified by GASB Statement No. 3 at December 31, 2004 are included on the balance sheet under the following classifications:

	<i>BALANCE SHEET CLASSIFICATIONS</i>		
	<i>Cash and Cash Equivalents</i>	<i>Investments</i>	<i>Total</i>
Deposits - Bank	\$ 261,356	\$ -	\$ 261,356
Investments - Bank	-	537,747	537,747
Total	261,356	537,747	799,103
Petty cash and cash on hand	400	-	400
	<u>\$ 261,756</u>	<u>\$ 537,747</u>	<u>\$ 799,503</u>

# WEXFORD COUNTY ROAD COMMISSION

## NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2004

### NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

*Michigan Compiled Laws, Section 129.91*, authorizes the Road Commission to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Road Commission has adopted the County's investment policy, which is in accordance with the provisions of *Public Act 20 of 1943*.

#### A. DEPOSITS

At December 31, 2004, the book value of the Road Commission's deposits consisting of a checking and savings account was \$261,356 with a corresponding bank balance of \$273,553. Qualifying deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Of the bank's balance, approximately \$200,000 is insured (credit risk category #1) and the remaining \$73,553 is uninsured and uncollateralized (credit risk category #3).

The County Road Commission's deposits are in accordance with statutory authority.

As required by GASB Statement No. 3, the investments are categorized in these three categories of risk:

**Category 1** - Insured or registered, or securities held by the Road Commission or its agent in the Road Commission's name.

**Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Road Commission's name.

**Category 3** - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Road Commission's name.

	CATEGORY			Carrying Amount	Fair Value
	1	2	3		
Investments - Categorized	\$ -	\$ -	\$ -	\$ -	\$ -
Investments not subject to categorization:					
Standard Federal – Short-term Investment Fund				537,747	537,747
Total investments				<u>\$ 537,747</u>	<u>\$ 537,747</u>

The investments held by the Road Commission meet state statutory regulations.

# WEXFORD COUNTY ROAD COMMISSION

## NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2004

### NOTE 4 – DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The Road Commission does not contribute to the Plan.

### NOTE 5 – CAPITAL ASSETS

Capital asset activity of the Wexford County Road Commission for the current year was as follows:

	<i>Beginning Balances 01/01/04</i>	<i>Additions</i>	<i>Deductions</i>	<i>Ending Balances 12/31/04</i>
Capital Assets Not Being Depreciated				
Land and Improvements-Infrastructure	\$ 5,562,534	\$ 738,260	\$	\$ 6,300,794
Land and Improvements-Other	35,170	-	-	35,170
	<u>5,597,704</u>	<u>738,260</u>	<u>-</u>	<u>6,335,964</u>
Capital Assets Being Depreciated				
Land and Improvements	177,637	-	-	177,637
Depletable Assets	70,392	-	-	70,392
Buildings	2,407,580	36,511	-	2,444,091
Road Equipment	5,596,949	567,754	262,996	5,901,707
Shop Equipment	360,336	5,978	-	366,314
Office Equipment	96,384	3,318	-	99,702
Engineers Equipment	39,930	-	-	39,930
Infrastructure – Bridges	3,859,990	25,559	-	3,885,549
Infrastructure – Roads	17,995,480	1,488,177	-	19,483,657
Subtotal	<u>30,604,678</u>	<u>2,127,297</u>	<u>262,996</u>	<u>32,468,979</u>
Less Accumulated Depreciation				
Land and Improvements	93,529	5,999	-	99,528
Depletable Assets	60,518	-	-	60,518
Buildings	1,012,636	66,218	-	1,078,854
Road Equipment	4,261,530	508,558	227,583	4,542,505
Shop Equipment	277,000	19,363	-	296,363
Office Equipment	74,957	6,771	-	81,728
Engineers Equipment	30,333	2,171	-	32,504
Infrastructure – Bridges	882,187	145,035	-	1,027,222
Infrastructure – Roads	6,027,369	1,799,425	-	7,826,794
Subtotal	<u>12,720,059</u>	<u>2,553,540</u>	<u>227,583</u>	<u>15,046,016</u>
Net Capital Assets Being Depreciated	<u>17,884,619</u>	<u>(426,243)</u>	<u>35,413</u>	<u>17,422,963</u>
Total Net Capital Assets	<u>\$ 23,482,323</u>	<u>\$ 312,017</u>	<u>\$ 35,413</u>	<u>\$ 23,758,927</u>

# WEXFORD COUNTY ROAD COMMISSION

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## NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2004

### NOTE 5 – CAPITAL ASSETS, continued

Non-infrastructure depreciation expense for the year was charged to programs of the Wexford County Road Commission as follows:

Primary Road:	
Heavy Maintenance	\$ 8,033
Maintenance	76,904
Local Road:	
Heavy Maintenance	17,217
Maintenance	313,867
Winter Maintenance	21,568
State Trunkline:	
Maintenance	159,278
Administrative	<u>12,212</u>
Total non-infrastructure depreciation expense	<u>\$ 609,079</u>

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### NOTE 6 – PENSION PLAN

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#### Description of Plan and Plan Assets

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The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25 percent times the final average compensation (FAC) with a maximum benefit of 80 percent of FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2003.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 [MSA 5.333(a); MCLA 46.12 (a)], as amended, State of Michigan. MERS is regulated under Act No. 220 of the Public Acts of 1996, as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 447 North Canal Street, Lansing, Michigan 48917-9755.

# WEXFORD COUNTY ROAD COMMISSION

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## NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2004

### Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, which requires non-administrative employees to contribute to the plan at a rate of 2% and administrative employees to contribute at a rate of 2 percent. The Road Commission is required to contribute at an actuarially determined rate; the current rate was 16.03 percent for non-administrative and 26.29 percent for administrative employees.

### Annual Pension Cost

During the fiscal year ended December 31, 2004, the Road Commission's contributions totaling \$292,133 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2002. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

### Three Year Trend Information for GASB Statement No. 25

<i>Year Ended December 31</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2004	292,133	100%	\$0
2003	253,914	100	0
2002	236,246	100	0

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## NOTE 7 – FEDERAL GRANTS

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The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2004, the Federal grants received and expended by the Road Commission was \$606,977 for contracted projects and \$36,123 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. Negotiated projects are projects where the Road Commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$ 500,000 or more for negotiated projects.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

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### **NOTE 8 – POST-EMPLOYMENT BENEFITS**

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In addition to the pension benefits described in Note F, the Road Commission makes available health care benefits to all retired employees who have attained the age of 62. The Road Commission is paying for health insurance for the retired employee only. Health insurance coverage for spouses and/or family members is paid for by the retired employee. Currently, twenty-six retirees of the Road Commission are participating in this benefit program. During 2004 the Road Commission paid approximately \$139,565 for health insurance premiums for its retirees under this program. The Road Commission's policy is to finance these benefits on a pay-as-you-go basis.

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### **NOTE 9 – CONTINGENCIES**

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The Wexford County Road Commission contracts with the State of Michigan to perform state highway maintenance functions for the State. The cost of the maintenance is then billed to the State of Michigan who reimburses the Wexford County Road Commission for the costs incurred. These cost reimbursement contract expenditures are subject to audit at some future date by the State of Michigan. The amount, if any, of expenditures that may be disallowed by the State of Michigan cannot be determined until the State completes its annual audit of its maintenance agreement with the Wexford County Road Commission. The audit adjustment is accounted for as an adjustment of the current year's expenditures.

The Wexford County Road Commission is party to various legal proceedings incidental to its operations. Certain claims, suits and complaints arising in the ordinary course of operations have been filed against the Road Commission. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or, if not so covered, are without merit or are in a very preliminary state, and it is not possible to currently assess the probability of an unfavorable outcome.

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### **NOTE 10 – EQUIPMENT AND TRUNKLINE MAINTENANCE ADVANCE**

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The State of Michigan has advanced funds to the Wexford County Road Commission for the purchase of equipment and for trunkline maintenance. Each advance is an annual advance with appropriate adjustments made each year to reflect the current balance based on applicable formula developed by the Michigan Department of Transportation. Because the transaction is an annual advance, the transaction is classified as a liability in the Special Revenue Fund, rather than an item included in Long-Term Debt, in accordance with the instructions of the Local Audit Division of the Michigan Department of Treasury.



# WEXFORD COUNTY ROAD COMMISSION

## NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2004

### NOTE 11 – LONG-TERM DEBT

The following is a summary of the long-term debt transactions for the Road Commission for the year ended December 31, 2004:

	<i>Balance January 1, 2004</i>	<i>Additions</i>	<i>(Reductions)</i>	<i>Balance December 31, 2004</i>	<i>Portion Due Within One Year</i>
<b>GOVERNMENTAL ACTIVITIES:</b>					
<b><i>Installment Purchase Contracts:</i></b>					
Cat loader – original issue of \$149,300 due in monthly installments of \$2,834.59 through June 16, 2006, bearing interest at 5.25%.	\$ 79,532	\$ -	\$ (30,569)	\$ 48,963	\$ 32,212
Dura Patch Machine – original issue of \$80,050 due in monthly installments of \$1,560.39 through February 15, 2007, bearing interest at 5.292%.	54,484		(16,232)	38,252	17,499
Compensated Absences Payable	208,816	33,649	-	242,465	-
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 342,822</b>	<b>\$ 33,649</b>	<b>\$ (46,801)</b>	<b>\$ 329,680</b>	<b>\$ 49,711</b>

The annual requirements (principal and interest) to amortize all debts (except vacation and sick) outstanding as of December 31, 2004, are as follows:

<i>Year Ending December 31,</i>	<i>Lease Purchases Payable</i>
2005	\$ 52,980
2006	35,972
2007	3,161
<b>Totals</b>	<b>\$ 92,113</b>

The accumulated vacation and sick leave is not subject to an annual amortization calculation because it will become due and payable in varying amounts from year to year as employees terminate their employment with the Wexford County Road Commission.

# **WEXFORD COUNTY ROAD COMMISSION**

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## **NOTES TO FINANCIAL STATEMENTS (continued)**

December 31, 2004

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### **NOTE 12 – RISK MANAGEMENT**

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The Road Commission is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. The Road Commission manages its liability and property risk by participating in Michigan County Road Commission Self Insurance Pool and the County Road Association Self Insurance Fund (for workers compensation). These insurance providers are public entity risk pools providing coverage to its members. The Road Commission pays an annual premium to these providers for its insurance coverage. These providers are self-sustaining through member premiums and provide, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

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### **NOTE 13 – DEFERRED REVENUES**

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EDF Forest Road revenues	<u>\$ 184,036</u>
Total	<u>\$ 184,036</u>

This is revenue received from the State of Michigan that is required to be spent on roads that benefit the forestry/lumbering industry.

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### **NOTE 14 – SUBSEQUENT EVENT**

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The Road Commission plans to issue approximately \$900,000 in bonds during the fiscal year 2005 to finance local road improvement projects. These bonds will be funded with Township contributions of 60%-75% of the project costs with the Road Commission funding the remaining costs.

***REQUIRED SUPPLEMENTAL INFORMATION***

# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT G

### SCHEDULE OF PENSION PLAN FUNDING PROGRESS

For the Year Ended December 31, 2004

#### Required Supplementary Information for GASB Statement No. 27

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Underfunded AAL (UAAL)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>UAAL as a Percent of Covered Payroll</i>
12/31/00	\$ 5,838,631	\$ 7,141,768	\$ 1,303,137	81.75%	\$ 1,386,150	94.01%
12/31/01	5,997,247	7,681,025	1,683,778	78.08	1,440,160	116.92
12/31/02	5,834,146	8,211,393	2,377,247	71.05	1,560,518	152.34
12/31/03	5,938,257	8,434,677	2,496,420	70.40	1,518,589	164.39

# WEXFORD COUNTY ROAD COMMISSION

EXHIBIT H

## COUNTY ROAD FUND

### STATEMENT OF REVENUES – BUDGET TO ACTUAL

For the Year Ended December 31, 2004

	<i>Original Budget</i>	<i>Final Amended Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>REVENUES:</b>				
<b><i>Licenses &amp; Permits:</i></b>				
Permits	\$ 9,172	\$ 10,209	\$ 10,451	\$ -
<b><i>Federal Grants:</i></b>				
<i>Federal Revenue:</i>				
Surface Transportation Program	200,000	213,663	213,663	-
Minimum Guarantee Funds - D Funds	184,000	193,314	193,314	-
Surface Transportation Program - Enhancement	30,000	36,123	36,123	-
Surface Transportation Program - Safety	200,000	200,000	200,000	-
<b><i>State Grants:</i></b>				
<i>Michigan Transportation Fund:</i>				
Engineering	10,000	10,000	10,000	-
Snow removal	160,000	163,565	163,565	-
Primary Road	1,729,000	2,116,344	2,116,344	-
Primary Urban Road	75,000	110,757	110,757	-
Local road	1,886,000	1,638,919	1,638,919	-
Local Urban Road	25,000	39,335	39,335	-
<i>Other:</i>				
Forest Road	25,000	13,981	13,981	-
<i>Economic Development Fund:</i>				
Rural Primary - D Funds	38,000	101,744	101,744	-
Forest Road	90,000	90,000	90,000	-
<b><i>Local Unit Contributions:</i></b>				
<i>County-Raised Funds:</i>				
Township contributions	75,000	112,071	112,071	-
Forest Service contribution	67,000	-	-	-
<b><i>Charges for Services:</i></b>				
<i>State Revenue:</i>				
State trunkline maintenance	1,015,000	1,181,346	1,181,346	-
State trunkline non-maintenance	50,000	255,641	255,641	-
<i>Local Revenue:</i>				
Salvage sales	3,000	4,663	4,663	-
<b><i>Interest and Rents:</i></b>				
Interest earned	15,000	9,617	9,617	-
<b><i>Other Revenues:</i></b>				
Contributions	3,000	30,236	19,845	-
Sale of Gravel	140,000	292,655	292,655	-
Sale of Assets – Gain	98,000	137,357	137,357	-
Total revenues	\$6,128,000	\$6,951,391	\$6,951,391	\$ -

# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT I

### COUNTY ROAD FUND

## STATEMENT OF EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended December 31, 2004

	<i>Original Budget</i>	<i>Final Amended Budget</i>	<i>Actual</i>	<i>Variance Favorable (Unfavorable)</i>
<b>EXPENDITURES:</b>				
<i>Public Works:</i>				
<i>Primary Road:</i>				
Heavy Maintenance	\$ 905,000	\$ 1,085,224	\$ 1,085,224	\$ -
Maintenance	1,043,000	985,481	985,481	-
<i>Local Road:</i>				
Construction			-	-
Heavy Maintenance	319,000	296,601	296,601	-
Maintenance	2,385,000	2,485,590	2,485,590	-
State trunkline maintenance	1,050,000	1,217,447	1,217,447	-
State truckline non-maintenance	50,000	255,642	255,642	-
<i>Equipment expense (net):</i>				
Direct			1,265,488	
Indirect			558,512	
Operating			299,285	
Less equipment rental credits			(2,009,871)	
Net equipment expense	-	113,414	113,414	-
<i>Administrative expense (net):</i>				
Administrative Expense			427,017	
Less: Handling Charges on				
Materials Sold			(91)	
Overhead - State Trunkline			(137,158)	
Overhead - Other			(820)	
Purchase Discounts			(1,234)	
Net administrative expense	265,000	287,714	287,714	-
<i>Capital Outlay (Net):</i>				
Capital outlay			613,561	
Less: Depreciation and depletion			(609,079)	
Net capital outlay	28,000	4,482	4,482	-
<i>Debt Service:</i>				
Interest expense	10,000	5,939	5,939	-
Long-term debt payments	43,000	46,801	46,801	-
Total expenditures	6,098,000	6,784,335	\$ 6,784,335	\$ -
Excess (deficiency) of revenues over expenditures	30,000	167,056		
Fund balance - beginning of year	1,043,000	1,043,000		
Fund balance - end of year	\$ 1,073,000	\$ 1,210,056		

***OTHER SUPPLEMENTAL INFORMATION***

# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT J

### COUNTY ROAD FUND

## ANALYSIS OF CHANGES IN FUND BALANCES

For the Year Ended December 31, 2004

	<i>Primary Road Fund</i>	<i>Local Road Fund</i>	<i>County Road Commission Fund</i>	<i>Total</i>
Total operating revenues	\$ 2,949,348	\$2,098,292	\$ 1,903,751	\$ 6,951,391
Total expenditures	2,210,210	3,012,410	1,561,715	6,784,335
Excess of revenues over (under) expenditures	739,138	(914,118)	342,036	167,056
<b>OTHER FINANCING SOURCES (USES):</b>				
Optional transfers in (out)				
Primary Road to Local Road	(668,130)	668,130	-	-
County Road Commission to Local Road		245,988	(245,988)	
Total other financing sources (uses)	(668,130)	914,118	(245,988)	-
Excess of revenues and other sources over (under) expenditures and other uses	71,008	-	96,048	167,056
Fund balance, January 1, 2004	121,188	-	921,812	1,043,000
Fund balance, December 31, 2004	<u>\$ 192,196</u>	<u>\$ -</u>	<u>\$ 1,017,860</u>	<u>\$ 1,210,056</u>



# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT K

### COUNTY ROAD FUND

## ANALYSIS OF REVENUES AND OTHER FINANCING SOURCES

For the Year Ended December 31, 2004

	Primary Road Funds	Local Road Funds	County Road Commission Funds	Total
<b>REVENUES:</b>				
<b>Licenses &amp; Permits:</b>				
Permits	\$ -	\$ -	\$ 10,451	\$ 10,451
<b>Federal Grant:</b>				
Surface Transportation Program	213,663	-	-	213,663
Minimum Guarantee Funds – D Funds	193,314	-	-	193,314
Surface Transportation Program- Enhancement	-	36,123	-	36,123
Surface Transportation Program -Safety	200,000	-	-	200,000
<b>State Grants:</b>				
<i>Motor Vehicle Highway Revenue:</i>				
Engineering	5,702	4,298	-	10,000
Snow removal	-	163,565	-	163,565
Primary road	2,116,344	-	-	2,116,344
Primary urban road	110,757	-	-	110,757
Local road	-	1,638,919	-	1,638,919
Local urban road	-	39,335	-	39,335
<i>Other:</i>				
Forest Road	-	13,981	-	13,981
<i>Economic Development Fund:</i>				
Rural Primary – D Funds	101,744	-	-	101,744
Forest Road	-	90,000	-	90,000
<b>Local Unit Contributions:</b>				
Township contributions	-	112,071	-	112,071
<b>Charges for Services:</b>				
<i>State Revenue:</i>				
State trunkline maintenance	-	-	1,181,346	1,181,346
State trunkline non-maintenance	-	-	255,641	255,641
<i>Local Revenue:</i>				
Salvage sales	-	-	4,663	4,663
<b>Interest and Rents:</b>				
Interest earned	-	-	9,617	9,617
<b>Other Revenues:</b>				
Contributions	7,824	-	12,021	19,845
Sale of gravel	-	-	292,655	292,655
Sale of assets - gain	-	-	137,357	137,357
Total revenues	2,949,348	2,098,292	1,903,751	6,951,391
<b>OTHER FINANCING SOURCES:</b>				
<b>Intra-fund transfers:</b>				
Optional transfers	(668,130)	668,130	-	-
Total revenues and other financing sources	\$ 2,281,218	\$ 2,766,422	\$ 1,903,751	\$ 6,951,391

# WEXFORD COUNTY ROAD COMMISSION

## EXHIBIT L

### COUNTY ROAD FUND

### ANALYSIS OF EXPENDITURES

For the Year Ended December 31, 2004

	<i>Primary Road Funds</i>	<i>Local Road Funds</i>	<i>County Road Commission Funds</i>	<i>Total</i>
<b>EXPENDITURES:</b>				
<b>Public Works:</b>				
<i>Primary Road:</i>				
Heavy maintenance	\$ 1,085,224	\$ -	\$ -	\$ 1,085,224
Maintenance	985,481	-	-	985,481
<i>Local Road:</i>				
Heavy maintenance	-	296,601	-	296,601
Maintenance	-	2,485,590	-	2,485,590
State trunkline maintenance	-	-	1,217,447	1,217,447
State trunkline non-maintenance	-	-	255,642	255,642
Total maintenance	<u>2,070,705</u>	<u>2,782,191</u>	<u>1,473,089</u>	<u>6,325,905</u>
Equipment expense (net):				
Direct	186,834	728,288	350,366	1,265,488
Indirect	82,457	321,424	154,631	558,512
Operating	44,185	172,238	82,862	299,285
Less equipment rental credits	<u>(296,736)</u>	<u>(1,156,680)</u>	<u>(556,455)</u>	<u>(2,009,871)</u>
Net equipment expense	<u>16,740</u>	<u>65,270</u>	<u>31,404</u>	<u>113,414</u>
Administrative Expense (Net):				
Administrative expense	182,206	244,811	-	427,017
Less:				
Handling Charges on Materials Sold	(39)	(52)	-	(91)
Overhead - State	(58,525)	(78,633)	-	(137,158)
Overhead - other	(350)	(470)	-	(820)
Purchase discounts	<u>(527)</u>	<u>(707)</u>	<u>-</u>	<u>(1,234)</u>
Net administrative expense	<u>122,765</u>	<u>164,949</u>	<u>-</u>	<u>287,714</u>
<b>Capital Outlay (Net):</b>				
Capital outlay	-	-	613,561	613,561
Less: Depreciation and depletion	-	-	(609,079)	(609,079)
Net capital outlay	<u>-</u>	<u>-</u>	<u>4,482</u>	<u>4,482</u>
<b>Debt Service:</b>				
Interest expense	-	-	5,939	5,939
Debt payments	-	-	46,801	46,801
Total debt service	<u>-</u>	<u>-</u>	<u>52,740</u>	<u>52,740</u>
Total Expenditures	<u>\$ 2,210,210</u>	<u>\$ 3,012,410</u>	<u>\$ 1,561,715</u>	<u>\$ 6,784,335</u>

# **WEXFORD COUNTY ROAD COMMISSION**

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## **STATEMENT 1**

### *COUNTY ROAD FUND*

### **ANALYSIS OF ACCOUNTS RECEIVABLE**

December 31, 2004

	<i>0-90 Days</i>	<i>Over 90 Days</i>	<i>Total</i>
Motor vehicle highway funds	\$ 609,540	\$ -	\$ 609,540
State trunkline maintenance	252,709	-	252,709
State Highway Department -- other	-	-	-
Due on County Road Agreements	77,501	22,417	99,918
Sundry accounts receivable	17,376	-	17,376
Total	<u>\$ 957,126</u>	<u>\$ 22,417</u>	<u>\$ 979,543</u>

# WEXFORD COUNTY ROAD COMMISSION

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## STATEMENT 2

### COUNTY ROAD FUND

### ANALYSIS OF ADMINISTRATIVE EXPENSE

For the Year Ended December 31, 2004

Salaries and wages	\$ 179,000
Administrative leave	31,008
Fringe benefits	127,270
Postage	1,756
Office supplies	4,014
Printing costs	6,838
Engineering supplies	3,734
Dues and publications	8,369
Contractual services	230
Union affairs	4,527
Legal and professional	12,872
Communications	2,855
Travel expense	10,465
Advertising/public relations	2,181
Insurance - errors and omissions/bonds	14,115
Utilities	1,256
Office equipment repair/maintenance	3,696
Janitor supplies	266
Other travel	353
Depreciation - office equipment	6,770
Depreciation - office building	3,271
Depreciation - engineering equipment	2,171
Total	<u>\$ 427,017</u>